RAJYA SABHA

Tuesday, the 21st *July,* 1998/30 *Asadha,* 1920 *(Saka)*

The House set at eleven of the clock, **Mr. Chairman** *in the Chair.*

ORAL ANSWERS TO QUESTIONS

Rising Prices of Essential Commodities

*481 SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether prices of most of the essential commodities are sky-rocketing in Delhi to the utter dismay of the poor and fixed income group in particular; and

(b) if so, the reasons therefor and the steps proposed to be taken, both long-term as well as short-term, to contain this inflationary trend which can prove fatal for the economy of the country?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) Out of 30 essential items of daily consumption whose prices are monitored regularly on weekly basis, sharp rise in the prices since March 1998 was registered only in five item — namely, arhar, potato, onion, rapeseed/mustred oil, groundnut oil and gur. Prices of the remaining essential consumer items have increased only marginally or even declined.

(b) Prices of essential items of daily consumption which are seasonally produced are influenced by the outcome of their production. In Rabi 1997-98, a prolonged wet spell and later excessive hot spell, caused sharp decline in the production of onion, potato, oilseeds, pulses and a number of other seasonal fruits and vegetables. Thus sharp decline in output has been the main reason for high seasonal rise in the prices of vegetables, fruits, edible oils and, some pulses. Government has reduced duty on import of edible oil from 25% to 15% to facilitate large volume of import to support domestic availability. Government of the NCT of Delhi has prepared a scheme to meet the requirement of onion & potatoes in Delhi under which it well procure daily around 23 tonnes of potatoes and onions from the wholesale market and supply at the same price through the retail outlets of the DSCSC, Super Bazar, NCCF, Kendriya Bhandar and Mother dairy.

The long term strategy for evening out volatile seasonal price change is to ensure adequate supplies and building up a network of storage and processing facilities through increased public and private investment.

श्री ओम प्रकाश कोहली: आदरणीय सभापति महोदय, आम आदमी की रोजमर्रा की जरूरत की चीजों में सब्जियों और फलों के अलावा दाल और खाद्य तेल भी महत्वपूर्ण वस्तुएं हैं। दालों से गरीब आदमी को प्रोटीन मिलता है। दालें ही गरीब आदमी के प्रोटीन का एकमात्र सोर्स है। देश में दालों और खाद्य तेलों की जितनी जरूरत है उस अनुपात में उनका उत्पादन नहीं हो रहा है। क्या माननीय मंत्री महोदय यह बताने की कृपा करेंगे—

(क) दालों और खाद्य तेलों की वर्तमान घरेलू खपत का स्तर क्या है और उनके उत्पादन का स्तर क्या है?

(ख) दालों और खाद्य तेलों का उत्पादन बढ़ाने के लिए अनुसंधान के क्या प्रयास किए गए हैं और अनुसंधान परिमाणों का क्या परिणाम निकला है?

(ग) किसानों को दालों और खाद्य तेलों का उत्पादन बढ़ाने के लिए क्या प्रोत्साहन दिए गए हैं?

श्री यशवंत सिन्हा: सभापति महोदय, यह सही है कि जो हाल के दिनों में कीमतें बढ़ी हैं उसमें दालों और तेलों की कीमतों में विशेष वृद्धि हुई है। मेरे पास जो आंकड़े हैं सभापति महोदय, उनके अनुसार रेप और मस्टर्ड आयल में लगभग 35 प्रतिशत की वृद्धि तीन महीनों में हुई है। जो अरहर की दाल है उसमें लगभग 26.7 प्रतिशत की वृद्धि हुई है और मसूर दाल में 15.5 प्रतिशत की वृद्धि हुई है। लेकिन उसकी तुलना में जो नारियल का तेल है, कोकोनट आयल है उसमें लगभग

5 प्रतिशत की गिरावट हुई है। उसी तरह से चने में, ग्राम में लगभग 14 प्रतिशत की गिरावट हुई है। तो यह है कि कुछ कीमतें बढ़ी हैं लेकिन सामान्य रूप से सारी कीमतें बढ़ी है इन दो कटेगरीज में भी, ऐसा नहीं है। तिलहन के बारे में जैसा माननीय सदस्य ने पूछा कि हमारे यहां इस वर्ष लगभग 13 लाख टन — जिसमें अधिक मस्टर्ड आयल और रेपसीड आयल है — उसकी पैदावार में गिरावट आयी है। सामान्यतः इस देश में 14 से 15 लाख टन खाद्य तेलों की कमी रहती है। जो इस वर्ष ज्यादा बढ़ गयी और यह भी एक कारण है उस की कीमतों में वृद्धि के लिए। उन्होंने यह भी पूछा है कि इन की पैदावार को और अधिक बढ़ाने के लिए सरकार क्या कर रही है? सभापति जी, हालांकि यह विषय कृषि मंत्रालय से संबंधित है फिर भी मैं कहूंगा कि कई वर्षों से सरकार तिलहन और दलहन की पैदावार बढ़े और जो हम इस में नेट शार्टेज की स्थिति में है, उस में सुधार हो, इस के लिए सरकार कई वर्षों से प्रयत्नशील है। इन आंकड़ों में सुधार भी हुआ है और जो गैप है, वह कम हुआ है। मैं आशा करता हूं कि अगर सीजनल फैक्टर्स हमारे विरुद्ध न जाएं, बारिश अच्छी हो तो आने वाले दिनों में हम इस में और सुधार करेंगे।

श्री ओम प्रकाश कोहली: आदरणीय सभापति महोदय, मेरे दूसरे पूरक प्रश्न के तीन भाग हैः (क) दिल्ली में फलों और सब्जियों की बढ़ती हुई कीमतों को नियंत्रित करने के लिए सरकार किन-किन प्रदेशों से फल और सब्जियां मंगवाकर दिल्ली की कमी को पूरा कर रही है, (ख) पड़ोसी राज्यों से सब्जी और फल मंगवाकर दिल्ली में सस्ते दामों पर वितरित करने के तंत्र का ब्यौरा क्या है, और (ग) क्या सरकार का राशन की दुकानों के मार्फत सब्जियां, दालें और खाद्य तेल सस्ते दामों पर वितरित करने का कोई इरादा है?

श्री यशवंत सिन्हा: सभापति महोदय, जहां तक सरकार का प्रश्न है और सब्जियों व फलों की कीमतों में जो वृद्धि हुई है तो शायद किसी सरकार के लिए यह संभव नहीं होगा कि हम हर प्रकार की सब्जी और फल को उपभोक्ताओं को उपलब्ध कराएं क्योंकि ये पेरीशेबल आइटम्स हैं और इन की सप्लाई को ऑर्गनाइज करना मुश्किल है। लेकिन स्थिति को देखते हुए, विशेषकर दिल्ली में सरकार ने यह फैसला किया था कि नाफेड के माध्यम से हम आलू और प्याज को दिल्ली में, और भी शहरों में उपलब्ध कराएंगे और दिल्ली में मेरी जानकारी है कि नाफेड के माध्यम से लगभग हंड्रेड आउटलेट के माध्यम से अभी प्याज उपलब्ध कराई जा रही है क्योंकि नाफेड ने इस का प्रोक्यूरमेंट पहले से किया हुआ था। जहां तक आलू का प्रश्न है, आलू प्रोक्यूर करने के लिए नाफेड प्रयत्नशील है। इस मौसम में आलू की कोई विशेष मंडी नहीं होती है, इसलिए उस के प्रोक्यूरमेंट में उन को थोड़ी कठिनाई हो रही है, लेकिन फिर भी सरकार ने नाफेड से कहा है कि जो हमारे कोल्ड चेन्स हैं, जहां पर कि आलू को रखा गया है, वहां से संपर्क कर के आलू भी यहां बाजार से सस्ते दामों पर उपलब्ध कराने का प्रयास करे।

SHRI PRANAB MUKHERJEE: Sir, the hon. Minister, while replying to the first supplementary, has pointed out that the shortfall in edible oil production is roughly 13 lakh tonnes. Normally, we have a shortage of more than one million tonnes in edible oils almost every year. Therefore, may I know from the hon. Minister why a proper import planning was not made sufficiently ahead of the time? He has reduced the import duty from 25 per cent to 15 per cent to facilitate the private importers. But what happens is, normally when a bunch of importers go to the international market the international prices also start going up and create some sort of problem for us. Normally, in the case oaor us. Normally, in the case of pulses also, there is a perpetual deficit in production in India. Therefore, in respect of import of edible oils and pulses, the Government can devise a long-term strategy and it can also organise their import in a proper way, sufficiently in advance, for meeting the deficiencies and averting that type of exigencies. I want to know from the hon. Minister whether he is going to have a long-term import policy, particularly in regard to a couple of items in which our production is less than our demand.

SHRI YASHWANT SINHA: Sir, the hon. Member must be aware of the fact that as far as edible oils are concerned, they were put under OGL only with this intention that whenever the prices rise in the domestic market it will be possible for our traders to import edible oils from edible oil producing countries, which are in East Asia, and meet the shortage. This import of roughly 1.4 million tonnes to 1.5 million tonnes has been taking place

downturn in the economy. Normally, when there is a downturn in the economy, the prices come down, they don't go up. Is the hon. Minister sure that the prices of edible oils have gone up in East Asia? Have they gone up because of the downturn or because of some other factor?

SHRI YASHWANT SINHA: Sir, the prices of edible oils—I have the figures from December 1997 to July 1998—have gone up in East Asia because the production in East Asia also has suffered. We are aware of the fact that the El Nino effect influenced the East Asia production. We are aware of the fact that the Indonesian economy went into a tailspin. Everyone knows what happened to Indonesia. Indonesia, therefore, first banned the export of palmolcine and when they opened it for export, they imposed a duty of 35 per cent which they have now raised to 55 per cent. It is because of the problems of that economy that they must have looked at this commodity as a source of collection of revenue. That is the reason why when they opened it, they opened it with such a high export duty. Therefore, it is true that both the downturn as well as natural factors have led to the firming up of prices of edible oils in East Asia.

SHRI ASHOK MITRA: Sir, it is not just in Delhi that prices have shot up. I was looking at the data. Over the past four months, price of vegetables have increased all over the country by 70 per cent. This is, of course, only at the wholesale level. At the retail level prices must have exceeded by 100 per cent. What is true about vegetables is equally true about other commodities. Now the Minister has recounted some of the steps which he and his colleagues are trying to take. I could see that there is a touching faith in private traders. It is the private traders who raise the prices. Now what is the point in asking the private traders, "We will allow you to import more, you kindly take care of the increase in prices"? This would not work. this has not worked in our country. For the past 20 years, a number of State Governments have been urging the Centre to kindly think in terms of starting a regular Public Distribution System of 18 essential commodities of consumption and have the prices evenly fixed all over the country so that there is no heartburning on the part of anybody. My wife compailns that a consumer has to pay a particular price for a gas cylinder in Delhi but she has to pay Rs. 30 more in Calcutta. Why should it happen? The Government is supplying these items. So, prices should be evened out all over the country. It has nothing to do with sales tax or local tax. It is the funny way of fixing prices by the Union Government which leads to disparity in prices. That is not the main point. My point is this. Why can't we as a long term measure start supplying—I don't say that you attempt to supply all the essential commodities that I have in mind—half-a-dozen commodities or seven or eight commodities? You try it bit by bit so that the poor people who are really hurt by the increase in prices could be offered some relief. And you know that if you plan on a long-term basis, you will find that there is a certain contra-cyclical policy that you can effectively employ, that in good years you can save a little bit of money which you can use in the bad years. And this is something which can be done. It has been done at least in some countries. This was done even in this country during the war. I would like to know from the Finance Minister whether he has any such thing in mind.

SHRI YASHWANT SINHA: Sir, I have mentioned to the House before that the prices of some of these items had started rising more steeply in the month of June. And I have figures here which show that actually the prices had risen substantially in December, 1997 and January, 1998, then they declined and it was only in June, 1998, that again they started rising. And that is when we got into action, and we are trying to correct the situation. So it is not that the prices

regularly. The reason for this unfortunate situation which arose this year was that during the last few months, because of the East Asian crisis and because of the natural factors in East Asia, the prices of edible oils, especially palmolein, which we import, also firmed up. I have the figures. For instance, compared to December the price went up by something like 200 dollars per metric ton. Even now they are ruling above the December price by 100 dollars per metric ton. Now this acted as a disincentive to our importers who must have noticed that it will not be profitable for them to import edible oils through the OGL route. That is the reason why the Government has taken a decision. In fact, we have taken two decisions. One is, as the hon. Member has himself mentioned, that we have reduced the import duty by 10%, from 25% to 15%, so that it goes as an incentive to importers to import edible oils from East Asia. The second is that Asia. The second is that we have decided ourselves to start importing edible oils for distribution through the Government outlets, through the PDS outlets. We have decided to import 1,50,000 tonnes of edible oils from East Asia and I am glad to inform the House that the first shipment will be available with us in the first week of August.

SHRI J. CHITHARANJAN: Sir, the reason stated by the hon. Minister for the astronomical rise in prices of vegetables, fruits, etc., is the seasonal factors, mainly prolonged wet spell and excessive hot spell later. If these are the reasons, naturally the Government should have understood earlier that such a situation is going to develop. Then why didn't the Government take steps earlier to prevent this rise in prices? Even if the price rise has taken place, why hasn't the Government taken steps to make the various products available at reasonable prices? This is the first part of my question. The second part of my question is this. Though the NCT of Delhi had taken certain steps, it was too late. I think from 10th of this month or thereafter it has taken some steps. But it is taking such steps in a half-hearted manner because more outlets are not being provided and more items are also not being supplied. Will the Government kindly see to it that more items are supplied and more outlets are also being opened?

SHRI YASHWANT SINHA: Sir, the hon. Member would like to know why the Government did not take steps earlier. I would like to inform the hon. Member and the House, through you, Sir, that the steep rise in the prices of fruits and vegetables actually started taking place from the end of May and it went up in June. June is the month when we sat down and started discussing various steps to get control over the situation. But I would like to say, Sir, that fruits and vegetables are, in fact, seasonal items. Nobody could disagree with this fact that fruits and vegetables are seasonal and everyone is aware of the fact that there has been some shortage in production. Now, therefore, the moment we noticed that the prices would continue to go up, the government got into action and we started discussing with the organisations and we have taken those steps. Now I would like to say that as far as fruits, which are perishable, are concerned, and as far as green vegetables, which are also perishable, are concerned, it is not within our power or capacity to intervene in the markets. I will be quite candid with the House. It will not be possible for the Government to start supplying these things. We have outlets, Super Bazars, etc. in various States and also in Delhi which normally do that. But green vegetables and fruits are not items on which we can go into trading. Therefore, we have confined ourselves, through NAFED, to onions and potatoes the supply of which affects the common people. We are going to take care of that.

SHRI K. R. MALKANI: Sir, the hon. Minister has said that the prices of edible oils have gone up in East Asia because of

are rising for the last four months. I have the figures here which I can share with the House....(*Interruptions*) I am only quoting the official figures. Everybody has been quoting figures....(*Interruptions*)

SHRI ASHOK MITRA: I have got newspaper reports which show....(*Interruptions*)

SHRI YASHWANT SINHA: Mr. Ashok Mitra, when you were the Chief Economic Adviser, you were also quoting official reports. Everybody has to go by the official statistics. There is no other statistics to go about. Sir, the hon. Member has given a number of suggestions while putting his question. They are suggestions for action and we take note of them.

SHRI S.R. BOMMAI: Sir, apart from the reasons given of prolonged wet spell and hot spell, does the Finance Minister know that these are not the only reasons? Sometimes a grower is compelled to make a distress sale of the commodity which he has grown and the consumer has to pay the highest price. And it is the middlemen who sometimes hoard things and create artificial scarcity so as to get the maximum profit. Is the Government aware of this fact and will it take firm steps to prevent it by strengthening the Public Distribution System and by providing sufficient stocks in all the centres?

SHRI YASHWANT SINHA: Sir, we are aware of the fact that at times, specially at difficult times, hoarding does take place. We are aware of the fact that at times an agriculturist is forced to sell his produce at distress price because he has nowhere to go. But I would like to assure the hon. Member that it was this awareness which prompted my colleague, the Minister for Food and Consumer Affairs, to write to the Chief Ministers of all the States and to ask them to use the provisions of the Essential Commodities Act and the Prevention of Black-marketing and Food Adulteration Act. Both these Acts are enforced. My colleague has written to all the Chief Ministers to enforce both these Acts wherever they feel that any trader or any one is indulging in hoarding or is trying to take undue advantage of the prevailing situation.

MR. CHAIRMAN: I know that it is a very sensitive subject of the common people. A number of Members want to question the Government on this. We will have a Calling Attention Motion on this subject for one hour.

Financial Irregularities in Dunlop India Ltd.

*482. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to a news-item captioned "Government seeks CLB help for DIL appointments" which appeared in Economic Times dated 27th April, 1998 regarding appointment of nine Additional Directors on the Board of Dunlop India Limited;

(b) whether Government's present nominee in the Board had apprised Government about the alleged financial iregularities in the company;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI M. THAMBI DURAI): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c) There is no Government Director on the Board of the Company. However, Shri R.N. Tripathi, LIC nominee inducted on the Board of the Company w.e.f. 22.11.1997 has reported